



DEPARTMENT OF CONSERVATION  
STATE OF CALIFORNIA

January 16, 2004

**NOTICE**

**TO: All Interested Parties**

**SUBJECT: 2003/2004 Recycling Market Development & Expansion  
Grant Program Application Notice**

DIVISION OF  
RECYCLING

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The Department of Conservation (Department) invites all eligible private businesses; non-profit organizations; cities, counties, cities and counties; joint powers authorities; universities; tribes; and state or federal government entities to review the enclosed application, and to submit applications for the Recycling Market Development & Expansion Grant Program.

Assembly Bill 28 (AB 28) (Chapter 753, Statutes of 2003) became effective January 1, 2004. Public Resources Code (PRC) Section 14581 (a) (10) now provides funding for the Department to issue up to \$10 million annually in grants for recycling market development and expansion-related activities aimed at increasing the recycling of beverage containers. This grant making authority expires January 1, 2007.

The primary goal of this grant program is to increase recycling of California Refund Value (CRV) beverage containers. The Department is interested in innovative, but realistic grants that have the potential to help achieve the State's overall 80 percent recycling rate goal.

The 2003/2004 Recycling Market Development & Expansion Grant Program Application and Example Grant Agreement Terms and Conditions may be viewed and downloaded from the Department's website at [www.conservation.ca.gov](http://www.conservation.ca.gov). If you do not have Internet access, a hard copy can be provided by contacting the person listed below. Please carefully follow all instructions. The Department cannot provide assistance in completion of grant applications.

For questions about the grant program, please contact Jim Hill at [jhill@conservation.ca.gov](mailto:jhill@conservation.ca.gov), or (916) 323-5878. Applications must be received by the Department by 5:00 PM, Friday, February 13, 2004. Any applications received after this time and date will not be considered.

Sincerely,

Jim Ferguson  
Assistant Director  
for Recycling

# 2003/2004

## Recycling Market Development & Expansion Grant Program Application (Revised 1/16/03)



The Department of Conservation (Department) is authorized to expend up to **\$10,000,000** annually for beverage container recycling market development and expansion-related activities. Specifically, this grant application is for the 2003/2004 fiscal year. Organizations that are interested in applying for a recycling market development and expansion grant must submit applications to the Department **by February 13, 2004, 5:00 PM**, in order to be considered for grant funding.

### 1. Background of Grant Program

Through the Division of Recycling, the Department administers the California Beverage Container Recycling and Litter Reduction Act (Act). This Act governs the recycling of California Redemption Value (CRV) beverage containers. The goal of the Act is to achieve an 80 percent beverage container recycling rate in California.

California's overall, or all material, CRV beverage container recycling rate was only 58 percent for calendar year 2002. This recycling rate has generally declined over the last eight years. The number of beverage containers collected for recycling in California has not kept pace with the growth in sales of beverages. Also, the decline in California's overall CRV beverage container recycling rates has been, in part, due to additional beverages included in the beverage container recycling program since January 1, 2000.

Assembly Bill 28 became effective January 1, 2004, and has numerous provisions that add, repeal, and amend many aspects of the Act. A small, but important, portion of this new law applies to grants for market development and expansion-related activities.

AB 28 added Public Resources Code (PRC) Section 14581 (a) (10) which authorizes the Department to expend up to \$10 million annually for beverage container recycling market development and expansion-related activities until January 1, 2007.

The Department reserves the option to award up to \$10 million in grants from this 2003/2004 grant program application for the first program funding year (ending June 30, 2004). The Department also reserves the option to award up to another \$10 million in grants for the second program funding year, beginning July 1, 2004 (and ending June 30, 2005), based on this same 2003/2004 grant program application.

### 2. Objective and Goals of Grant Program

The overarching objective of this market development and expansion grant program is to increase recycling of CRV beverage containers. Increased recycling includes both short-term, and long-term, increases in beverage container recycling, and recycling rates. Recycling rates under this grant program can be increased through (1) creating new market opportunities for recycled beverage container products, and (2) expanding existing market-related activities for recycled beverage container products. This latter category includes a broad range of recycling industry activities.

Market-related activities can include a wide array of economic chain, and vertical/horizontal recycling industry integration activities - from the consumer, to the recycler, to the processor, and to the recycled material end-user. Market-related activities can include beverage container, and beverage container material, manufacturing activities, and beverage container product manufacturing activities. Market-related activities can include relevant beverage container recycling value-added activities of government, trade associations, environmental groups, community organizations, and consumer product entities.

Increasing the recycling rate for beverage containers can be obtained through (1) the expansion of existing, and developing new, end-uses (demand side), and (2) increasing the supply of high quality beverage container material feedstock for use in manufacturing (supply side). Market-related activities can include material processing and; research, development, and demonstration projects.

Some goals of the market development and expansion grant program include the following:

1. To expand, develop, and maintain CRV material markets in California by encouraging the availability, and use, of value-added recycled beverage container materials, resulting in an increase in both demand, and supply, for these materials.

2. To identify, and realize, market development and expansion opportunities so as to ensure sustainable recycled beverage container material markets.
3. To encourage new, and existing, businesses to develop and utilize innovative processing and manufacturing technologies, facilitating the processing of recycled beverage container material into quality feedstock for use in the manufacture of recycled-content products.
4. To encourage, and support, market development and expansion for empty beverage container materials by providing information and assistance in areas including, but not limited to:
  - Recycling and manufacturing technology development.
  - Support for existing, new, and proposed recycled product manufacturers.
  - Converting from virgin to recycled feedstock.
  - Development of “best practices” in collection and processing that result in higher quality materials.
  - “Model practices” that address barriers to the purchase of recycled-content products and improve procurement specifications and market leverage for “buy recycled”.
5. To support research and development projects bringing more high quality feedstock, and recycled content products, to the marketplace, and additional processing and manufacturing industries and/or technologies, which would ultimately result in new California jobs creation.

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This is a new, and major, grant program for the market development and expansion of CRV beverage container recycling. This is also a unique and important grant program, and the Department has the fiduciary responsibility to effectively and efficiently award grant monies so as to have a significant and measurable impact on California’s overall CRV recycling rate.

The Department seeks innovative, but realistic, grants that have the potential to materially increase, and sustain, the State’s recycling rates, so that in the future, the State can again achieve its overall 80 percent recycling rate goal. The Act’s highest overall recycling rate was 82 percent, over ten years ago in 1992. The Department is also interested in new jobs creation associated with, and resulting from, the positive impact on CRV beverage container recycling rates.

These grant projects must be designed so as to have, first and foremost, benefits for the State’s recycling program. A grant program of this magnitude and focus is exceptional for California, and rare for other states. The Department is not interested in using this grant

program as just a source of venture capital for the economic, or competitive, benefit of the State’s small and large businesses.

### **3. Eligibility to Apply for Grants**

#### **Applicant Eligibility**

Any private business; non-profit organization; city, county, city and county; joint powers authority; university; tribe; and state or federal government entity is eligible to apply for beverage container recycling market development and expansion grants. Organizations may submit separate grant applications for more than one project in a given funding period.

Applicants must provide an appropriate letter of organization commitment, resolution, or letter of board support that indicates that the applicant is fully committed to the grant application. Grant applicants must be in compliance with all local, state, and federal laws and regulations.

Applicants are subject to state and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, can result in the grant application being rejected, and any subsequent agreement being declared void.

Before submitting an application, applicants are urged to consider conflict of interest concerns, and requirements for disclosure. Applicable statutes include, but are not limited to, Government Code Section 1090 (concerning financial interest and contracts made by members of the Legislature, county boards, city officers, and employees in their official capacity) and Public Contract Code Sections 10410 and 10411 (concerning hiring of current, and former, State employees, respectively).

Applicants must disclose whether they are providing consulting services to the State under a State contract (or as a sub-contractor providing more than ten percent of the dollar value of a consulting services contract with the State), or have provided such services within five years prior to the release of this grant solicitation, which are related in any manner to the goods, services, or supplies, to be acquired pursuant to this grant solicitation document.

#### **Project Eligibility**

Grant projects need to ultimately increase CRV beverage container recycling. Eligible grant projects may fall into one, or more, of the following four broad project categories:

- A. Research and development of collecting, sorting, processing, cleaning, or otherwise upgrading the market value of recycled beverage containers.
- B. Identification, development, and expansion of markets for recycled beverage containers.
- C. Research and development for products manufactured using recycled beverage containers.
- D. Payments to California manufacturers who recycle beverage containers that are marked by resin type identification codes, "3," "4," "5," "6," or "7," pursuant to Section 18015 (concerning definition of the resin codes).

The following key factors should be considered by grant applicants:

- Grant matching funds  
Matching funds are not required by grant applicants, however, greater priority will be given to grant projects that have higher levels of matching funds, everything else held equal. In addition, grant projects that may have other benefits beyond increasing California beverage container recycling (such as enhanced private enterprise profitability, or increased recycling of non-beverage containers in California), should have a relatively higher proportion of matching funds, or at least have some matching funds, in relation to the non-beverage container recycling benefits of the specific grant application. Finally, larger size grant applications should have a relatively higher proportion of matching funds, to help spread the risk of this larger project undertaking. Matching funds are defined as the grantee's own resources (either dollars or assets). Matching funds do not include other grant program resources (such as other Department grant programs, and other non-Department grant programs), or the Department's loan guarantee program for capital expenditures for new recycling infrastructure.
- Size of grants  
There are no dollar limitations on the size of grant projects (up to the annual overall funding limitations of the program). Larger dollar size grant projects will be expected to have proportional beverage container recycling benefits. All grant applications should have a significant short- or long-term impact on either regional, or state-wide, recycling levels.
- Use of grant funds  
Real property purchases for land are not eligible for grant funding. Grant funds can be used for expenditures for start-up costs and working capital; operating costs; and generally those activities directly related to achieving grant operating objectives. Grant funds can be used for personnel costs, equipment costs, buildings and facilities, supplies, rent and utilities, travel, contractual services, other operating costs, and other (explained) non-operating costs.
- Types of grant projects  
There is a wide range of potential grant projects potentially eligible under this program. Priority will be given to those grant projects that directly impact recycling of CRV beverage containers, and also create California jobs, in both the short- and long-run. Also a priority are those grant projects that will have a near-term economic impact on either increasing the price of relevant CRV beverage container recycled materials, or decreasing the cost of recycling CRV beverage containers.
- Length of grant projects  
Grant projects must be completed within three (3) years from the date of the grant award (expected June 1, 2004). Grant projects must be at least six months duration in effort. For grant projects that will exceed three years in length, applicants may submit a second phase grant application in subsequent years, for further funding consideration.
- Collection grant projects  
The Department administers another grant program that focuses on diverting and collecting additional beverage containers, including providing collection bins. The focus of this market development and expansion grant program is on processing and manufacturing functions, versus additional current-practice collection. Research and development of collecting, though, is part of this grant program scope, and certain broad collection functions, such as technology improvements at material resource recovery facilities or new technologies for curbside collection, could be considered under this grant program. The core criteria for a collection project to be considered under this grant program is whether it will impact the State's overall recycling rate. Grant projects for just additional physical collection (versus processing) of beverage containers, are not a priority of this market development and expansion grant program.
- Grants for recycling of different CRV beverage container material types  
Eligible grant applications can include projects that impact recycling of any one, any combination, or all, of the ten CRV beverage container material types in the program (i.e., aluminum, glass, bi-metal, and plastics # 1 to # 7). There is no grant program priority for increasing recycling of one program material type over any other program material type. The Department is interested in increasing the State's overall CRV beverage container recycling rate.
- California in-state, versus out-of-state, grant benefits  
The overriding goal of this grant program is to increase CRV beverage container recycling rates. Along with increasing recycling rates, the

Department is interested in creating and sustaining new jobs, which should result part and parcel with creation of new, or expanded, recycling opportunities. Some grant applications may have California recycling benefits, but out-of-state job benefits. Highest priority will be given to grant applications that both (1) increase CRV beverage container recycling rates and (2) create and sustain new California jobs.

#### **4. Grant Application Requirements**

This section describes the grant application requirements. Applicants should provide the information described below, and in the specified format. In preparing these sections, the applicant is encouraged to closely review the Grant Evaluation and Scoring Criteria, described in the next section of this grant solicitation package, so as to meet the full intent of the grant application requirements. The four required sections of the grant application are:

- A. Administrative Requirements
- B. Applicant Qualifications
- C. Project Qualifications
- D. Attachments

If necessary, the applicant may provide supporting technical, and/or confidential information, in an additional Section E, Supporting Materials.

##### **Section A. Administrative Requirements**

- Provide an original and six (6) copies of the grant application. All applications should be received by 5:00 PM, on February 13, 2004.
- The application must be formatted in at least a 10-point font size, use double-sided pages, be printed on recycled content paper, and be prepared in the least expensive method (i.e., no special bindings or cover stock, with the preferred method of binding being stapled in the upper left hand corner, if possible). Do not exceed the page limitations identified below for each application section. The application sections should be in the following order:
  - 1. Administrative Requirements
  - 2. Applicant Qualifications
  - 3. Project Qualifications
  - 4. Attachments
  - 5. Supporting Materials (should be bound separately from the other sections)

This administrative requirements section should include the following:

1. A signed cover letter. The cover letter should introduce both the applicant and the project and be signed by a person authorized to bind the organization to the grant agreement. For organizations that are not required to submit a resolution (Item 2, below), the cover letter should state the organization's support for the project and the organization's commitment to matching funds or in-kind services. The cover letter should also address real, potential, or perceived conflicts of interest, and if there are none, this should be stated in the cover letter.
2. A resolution of support, from the applicant's governing body, for government agencies and non-profits. If the project includes matching funds or in-kind services, the letter/resolution should commit to providing those funds or services.
3. A copy of tax-exempt status, for non-profit organizations only.
4. A copy of articles of incorporation, partnership agreement, or current fictitious business name statement and business license, as appropriate, for private businesses only.

##### **Section B. Applicant Qualifications**

This section should include the following two subsections:

1. Qualifications of the Applicant
  2. Financial Statements of the Applicant
- Qualifications of the Applicant  
This subsection should not exceed eight (8) pages (excluding resumes or statements of qualifications).
    - ❑ Describe the longevity, history, and structure of the applicant organization, including basic organizational functions. Describe how the project fits within the existing structure and functions of the organization.
    - ❑ Describe the applicant organization's knowledge and experience as it relates to the grant project. Identify, and briefly describe, previous or current applicant projects that are related to the grant project.
    - ❑ Describe the applicant's capacity directly as it relates to the successful completion of this grant project. Describe the organizational and staff level of commitment (both time and resources) to this project.

- ❑ Identify key personnel who will design, advise, and undertake the work. Include paid staff, consultants, and unpaid collaborators. Briefly describe personnel experience, qualifications, and roles in the project. Identify the amount of each person's time allotted to the project. Provide a resume, or statement of qualifications, for each of the key project personnel, not to exceed one page each.

■ Financial Statements of the Applicant

- ❑ Provide the applicant's financial statements for the previous three years (calendar or fiscal). Provide the most accurate level of financial information that is available (in order of preference): audited financial statements, reviewed financial statements, federal income tax returns, or compiled financial statements. Government entities should provide the last three years' budgets for the smallest unit within the government organization that is responsible for the grant project. If three years of financial information are not available, provide an explanation as to why, and demonstrate that the applicant has the financial capability to conduct the project.

**Section C. Project Qualifications**

This section should be divided into three subsections, as follows. The applicant must demonstrate the need for the project; the technical, economic, and market feasibility of the project; and how the applicant will implement the project. This section should not exceed fifteen (15) pages in length.

1. Project Need
2. Technical, Economic, and Market Feasibility
3. Project Work Plan

■ Project Need

This subsection should describe the need for the grant project:

- ❑ Clearly describe the reason for undertaking the grant project.
- ❑ Identify barriers and obstacles that should be addressed for this grant project.
- ❑ Demonstrate an understanding of the baseline conditions the grant project seeks to improve.
- ❑ Identify project goals and measurable project objectives. Relate the goals and objectives of the grant project to the overall objectives of this State grant program. Applicants must identify expected benefits of increasing beverage container recycling and recycling rates, as compared to expected benefits in competitive

advantage to the applicant, as a result of the grant project.

- ❑ Identify who in the recycling industry supports this grant project, and if any third parties are providing supporting funds to this grant project.
- ❑ Identify both short- and long-term economic impacts and provide data on the number of full-time or part-time jobs to be created, duration of the jobs, and expected created payrolls, by year of the project.
- ❑ Identify the expected benefits of the grant project. This should include the expected impact on the number of beverage containers recycled or beverage container recycling rates. Additional benefits may relate to decreased costs of recycling; increased prices for recycled materials; improved markets for recycled materials; additional beverage container material volume used in the manufacture of a recycled content product; jobs creation; processing or production cost decreases; and/or other economic benefits.
- ❑ Identify and explain any expected benefits that are outside the scope of this grant program (i.e. direct economic benefits to private entities; increases in jobs or recycling outside California; and increases in recycling or markets of non-CRV materials).
- ❑ Explain how this grant project is unique and innovative in its approach to increasing beverage container recycling in California.

■ Technical, Economic, and Market Feasibility

This subsection should provide information that describes and supports the technical approach and concepts embodied in the application, as well as an assessment of the market and economic impacts of the project:

- ❑ For research and development projects (1) identify the scientific basis for the project, (2) include a review of current literature, (3) provide a description of, and support for, the research methodology, and (4) discuss commercialization potential.
- ❑ Provide a brief description of the current and future markets for the material(s) the project addresses, and an assessment of the short- and long-term impact of the project on those markets. Address market parameters such as quantity, quality, prices, and end-uses.
- ❑ For manufacturing end-uses, identify the technologies to be used, quantity of recycled material, and an assessment of the potential markets for the proposed product(s).

- ❑ Identify how, and to what extent, the project will impact each step in the recycling stream (collection, processing, and manufacturing).
- ❑ Describe sustainability of the grant project, including the level of commitment, effort, and resources from the applicant, or others, that will enable the project to continue beyond the grant period.
- ❑ Identify how the expected economic impacts of the project in terms of jobs created, business potential, price of recycled material, and relevant production and processing costs will be realized.

▪ Project Work Plan

This subsection should provide an explanation of how the applicant will complete the grant project:

- ❑ Identify each of the specific tasks necessary to complete the grant project. Identify sub-tasks, as appropriate. For each task describe the work to be completed, who will conduct the work, the expected outcome, and project milestones resulting from that task.
- ❑ Identify performance measures for the project. Include mid-project performance measures, as well as final performance measures. Describe the data to be analyzed to measure the effectiveness of the work performed and the results achieved. Describe the methodology to be used to collect the data.
- ❑ Identify a reporting framework for the project results, including (1) reporting of grant project accomplishments, (2) identifying information that will be provided in the monthly project progress reports, and (3) providing an outline of the final reporting framework. The reporting framework should include the estimated impacts (described in Attachment D), as well as other performance metrics appropriate to the project (cost of recycling, new business development, payroll expansion, processing time, etc.).

**Section D. Attachments**

Include the completed attachments A through G in this section of the application. Directions for completing each attachment are provided below. All attachments must be included in the application.

▪ Attachment A – Grant Applicant/Project Summary

- ❑ Complete all sections of this form. For any “yes” answers to the financial/legal or grant history questions, explain the answers on additional sheets of paper and include them in the application following Attachment A. Attachment

A must be signed by a person authorized to bind the applicant to the grant agreement.

▪ Attachment B – Grant Executive Summary

- ❑ On the form provided, provide a descriptive summary of the project. Address key points as they relate to the need for the project; technical, economic, and market feasibility; and the project outcomes. Use at least a 10-point font size.

▪ Attachment C – Grant Project Budget

- ❑ Complete the project budget form, or create a form, using the same format as Attachment C.
- ❑ Identify costs for each year of the project. If the project is less than three years, indicate “N/A.”
- ❑ For each year of the project, identify the requested grant funds and the matching funds (or value of in-kind services). On a separate Budget Explanation Page (create this page and include it in the application following Attachment C), identify the source(s) of all matching funds and in-kind services, and any third-party funds supporting the grant project.
- ❑ List each key person involved in the project and the total combined salary and benefits for each year of the project. It is not necessary to identify administrative staff by name.
- ❑ List, by category, all equipment that will be purchased as part of the project. Provide any additional explanation or support for equipment purchases on the Budget Explanation Page.
- ❑ On the Budget Explanation Page, explain line items for buildings and facilities, contractual services, other operating costs, and other non-operating costs.

▪ Attachment D – Grant Project Estimated Impacts

- ❑ This form will be used to help score the expected benefits of the grant project, outlined in Section C, Project Qualifications, Grant Project Need. These estimates will be used as a scoring tool to assist the Department in evaluating grant proposals. The Department understands that calculating recycling impacts and jobs impacts, particularly for long-term research and development projects, will require order-of-magnitude estimates and projections on the part of the applicant. The applicant should include an explanation of the assumptions and forecasts used to calculate the recycling impacts and jobs impact. The estimated impacts must be reasonable (within an order-of-magnitude) and clearly explained and justified on Attachment D. The scoring of the estimated impacts will be based not only on the magnitude

of the final estimates but also on the reasonableness of the assumptions the estimates are based upon.

- ❑ In Item A, of Attachment D, identify the total grant request (do not include matching funds).
  - ❑ In Item B, provide an estimate of the annual number of beverage containers recycled each year as a result of the grant project. This figure should be the applicant's best estimate of the recycling impact, on an annual basis, once full project impacts are realized. For example, if the first year expected impact is only 5,000 containers, but by year three and after, the expected impact is 20,000 containers, use the latter figure. The Department realizes that for many projects it will be difficult to identify an accurate estimate of the additional number of containers recycled each year. However, the overall goal of this grant program is to increase beverage container recycling in California. Thus, it is important that each applicant is able to relate the impacts of their project to this ultimate State goal; even if the figures are projections that may only be accurate on an order-of-magnitude basis. If the project indirectly impacts recycling, for example an end-use project that is projected to use 2 million PET containers a year, the applicant must provide a reasonable estimate of the actual impact on additional containers recycled as a result of the new market for those containers provided by the project.
  - ❑ In item C, provide an estimate of the annual number of new jobs created in California as a result of this grant project. This figure should be the applicant's best estimate of the number of new California jobs, on an annual basis, once full project impacts are realized. The number of jobs should be based on full-time equivalents.
  - ❑ In item D, calculate the recycling impact, "A" divided by "B".
  - ❑ In item E, calculate the jobs impact, "A" divided by "C".
  - ❑ In item F, identify the first calendar year that the recycling and jobs impacts in B and C are expected to be fully realized.
  - ❑ In Item G, identify the number of years that the recycling and jobs impacts will continue. For some grant projects, the recycling and jobs impacts may only be realized during the time of the grant subsidy, for other projects, the impacts may be ongoing beyond the terms of the grant. Again, provide the best possible estimate for this item.
  - ❑ In Item H, use the space provided to explain the assumptions, projections, and extrapolations used to develop the estimate of beverage containers recycled in Item B and the estimates of new jobs in Item C. What is the applicant's level of confidence in the accuracy of these numbers? What are the factors that could influence these estimates upwards or downwards?
- Attachment E – Grant Project Schedule
    - ❑ Use the form provided or create a form following a similar format. The schedule must list each of the project tasks from the project work plan and illustrate the duration of each task. The grant project schedule should also identify project milestones and the dates they will be attained. The applicant may also include the dates that they expect to submit to the Department any special reporting or performance measures identified in the work plan. The expected project start date is June 1, 2004. Projects must be at least six (6) months in duration, and may not exceed three years (36 months) duration.
  - Attachment F – Grant Permits and Regulatory Approvals
    - ❑ Use this form to list all permits and/or regulatory approvals that are necessary in order to undertake the grant project. If the permits or approvals have already been attained, identify the date (and duration if appropriate). The applicant must also identify the issuing authority. If the permits or approvals have not yet been attained, identify (as accurately as possible) the date the applicant expects to obtain each permit or approval. Either Item A, or Item B, at the bottom of Attachment F, must be signed by the individual authorized to bind the organization to a grant agreement. Sign Item B only if the grant project does not require any permits or regulatory approvals.
  - Attachment G – Grant Applicant References
    - ❑ Use this form, or create a form using a similar format, to provide the name, address, telephone number, contact person, and a brief description of the relationship for three separate references. The applicant should have worked with these references within the last five years. If three references cannot be provided, please explain the reason on the bottom of the form.



## Section E. Supporting Materials

The Department encourages applicants to describe and justify their project within Sections A through D of the application. However, the applicant may find it necessary to provide supplemental information, or the applicant may wish to include confidential information that will support the grant project. Supplemental and confidential material must be included in Section E. This section should be bound separately from the rest of the application, and six (6) copies must be provided.

The Department will only review the following types of information in Section E. Information or materials that do not fall within these categories will not be considered in the grant evaluation and scoring process and may, in fact, render a grant non-responsive. The Department has only a short time to review a potentially large number of grant applications, thus the Department may not score applications providing unnecessary or excessive information. This section should not be used to provide additional information on the qualifications of the applicant. Limit Section E supporting materials to the following:

- Technical information  
Useful technical information or published research papers that are necessary to support or explain the technical, economic, and market feasibility of the grant project.
- Confidential information  
Confidential information on research methods, processing, production, or other aspects of the grant project. Confidentiality procedures are described below and must be followed. After award, grant applications become public information. While the Department discourages the inclusion of confidential information in grant applications, if the applicant feels it necessary to provide such information, it must be clearly labeled on each page as confidential and must be included only in Section E.
- Confidentiality requirements
  - ❑ The Department realizes that applicants may find it necessary to deliver proprietary or other information to the Department in order to adequately explain a project, and applicants may not want that information to become a public record. The applicant may submit a request for confidentiality indicating that specified material submitted to the Assistant Director of Recycling be designated confidential and not publicly disclosed. If confidentiality is granted, the material will not be disclosed to the general public unless so ordered by a court of competent jurisdiction.
  - ❑ All confidential material must be contained on pages separate from non-confidential material and stamped "CONFIDENTIAL" on each page. Only confidential material may be included on stamped pages and no confidential material may be included on pages that contain non-confidential material. Cross-reference each confidential item and the area of the application to which it is related. In this section, state the length of time the information should be kept confidential and provide justification for the length of time.
  - ❑ Cite and discuss provisions of the Public Records Act (California Government Code 6250 et seq.), or other law, which allows the Department to keep the information confidential and the public interest is not harmed by non-disclosure of the information. If the applicant believes that the information should not be disclosed because it contains trade secrets or its disclosure would otherwise cause loss of a competitive advantage, the request shall also state the specific nature of the advantage and how it would be lost, including the value of the information to the requesting party and the ease or difficulty with which the information could be legitimately acquired or duplicated by others.
  - ❑ State whether, and how, the information is kept confidential by the applicant and whether it has ever been disclosed to a person other than an employee of the applicant, and if so, under what circumstances.
  - ❑ Include a certification executed by the person primarily responsible for preparing the application, "I certify under penalty of perjury that the information contained in this request for confidential designation is true, correct, and complete, to the best of my knowledge, and that I am authorized to make this request and certification on behalf of [name of entity]".
  - ❑ Specify whether the applicant wishes the information returned or retained by the Department upon a denial of confidential designation. Information returned to the applicant will not be considered or reviewed as part of the application. Information retained may be subject to disclosure as a public record.

## 5. Grant Evaluation and Scoring Criteria

There will be a two-stage grant evaluation process. The applicant must meet all requirements of the first administrative step in order to proceed to the remaining evaluation steps and the scoring of applications. Final

project scoring will be based on the combined scores for (1) Applicant Qualifications, (2) Project Qualifications, and (3) Project Budget to provide the Department a recommended priority for grant allocation. The ultimate number of grants awarded will depend on the number of applicants, size of grant requests, and the quality of the grant applications.

A committee of, at a minimum, Department staff will review and score the grant applications. The Department reserves the right to have other agencies represented on the evaluation committee. During the review process, the Department may also call upon external technical experts for assistance with evaluating applications.

The Department reserves the right to contact applicants for questions, or to hold interviews, prior to awarding grants. The Department may modify applications in the evaluation process. For example, funds and/or tasks proposed that are not fully justified may be reduced and/or eliminated. The score from the evaluation committee may include a revised recommended funding level for the grant application.

The five evaluation steps are as follows:

1. Minimum Administrative Requirements
2. Applicant Qualifications
3. Project Qualifications
4. Project Budget
5. Final Project Score.

The five evaluation steps are described on the following pages.

### 1. Minimum Administrative Requirements

This step is scored pass/fail. The administrative step corresponds with the applicant's responses to **Section A (Administrative Requirements)** of the grant application. Failure to address all of the items below will result in a failing score and the grant application will not be further considered:

- The completed grant application is received by the Department no later than Friday, February 13, 2004, at 5:00 PM.
- A signed cover letter, or separate resolution of support, from the organization's governing body or owners is provided. If the grant project includes matching funds, or in-kind services, the letter/resolution commits to providing those funds or services.
- The grant application is in the specified/required format and all necessary forms (Attachments A to G) are completed and signed (Attachments A and F require signatures).

- The grant application provides a copy of the organization's tax-exempt status (for non-profit organizations only).
- The grant application provides a copy of articles of incorporation, partnership agreement, or current fictitious business name statement and business license, as relevant (for private businesses only).
- The grant applicant must be in compliance with all conflict of interest laws as outlined in the Contractor Certification clauses available from the Department of General Services' webpage at <http://www.documents.dgs.ca.gov/ols/ccc-103.doc>

### 2. Applicant Qualifications

This evaluation step will be scored on a 100-point scale. Applications must achieve a score of at least 70 points on this evaluation step to be recommended to the Department Director for a grant award. The applicant qualifications score will be based on the applicant's responses to **Section B (Applicant Qualifications)** and the relevant Attachments of the grant application. There are three categories:

- Qualifications of the applicant (score of 50 points)
  - ❑ Organization background  
Includes a review of the longevity and structure of the applicant organization, basic organizational functions, and how well the grant project fits within the organization.
  - ❑ Organization experience  
Includes a review of the overall level of knowledge and experience of the organization, and the organization's knowledge and experience as it relates to the grant project.
  - ❑ Organization capacity  
Includes a review of whether the organization and personnel are fully committed to, and capable of, successfully executing the grant project.
  - ❑ Project personnel  
Includes a review of the qualifications and experience of key grant project personnel as related to their assigned roles on the grant project.
- Financial stability of the applicant (score of 30 points)
  - ❑ Includes a review of the organization's financial statements for the previous three years (calendar or fiscal). The Department will consider the size of the grant request in relationship to the necessary overall financial stability of the organization.

▪ References of the applicant  
(score of 20 points)

- ❑ Includes a review of references provided in Attachment G in order to assess the applicant's organizational capability and performance on similar, or related, projects.

**3. Project Qualifications**

This evaluation step will be scored on a 100-point scale. Applications must achieve a score of at least 70 points on this evaluation step to be recommended to the Department Director for a grant award. The project qualifications score will be based on the applicant's responses to **Section C (Project Qualifications)** and the relevant Attachments of the application. Again there are three categories:

▪ Need for the grant project  
(score of 35 points)

- ❑ Includes a review that the application clearly describes the reason for undertaking the project, the barriers and obstacles that must be addressed, and demonstrates an understanding of the baseline conditions that the project will improve.
- ❑ Includes a review that the applicant identified (1) who in the recycling industry supports the grant project and (2) if any third party entities are providing supporting funds to this grant project.
- ❑ Includes a review that project goals and measurable objectives are clearly described and are congruent with the overall objectives of the grant program.
- ❑ Includes a review that the applicant identifies the expected benefits of the project. Specifically, this includes a review of the Grant Project Estimated Impacts identified and explained in Attachment D. The scoring will integrate both the magnitude of the final numbers and the reasonableness of the assumptions the estimates are based on. Additionally, this includes a review of other expected benefits of the grant project, such as improvements in processing time; reductions in recycling costs; additional beverage container material volume used in the manufacture of a recycled content product; expected created payrolls, etc.
- ❑ Includes a review of whether the application acknowledges any (1) direct benefits to private entities, (2) increases in jobs or recycling out-of-state, or (3) benefits for non-CRV materials and if these items are identified and explained. Higher priority will be given to projects that improve CRV beverage container recycling and increase jobs in California.

- ❑ Includes a review of whether the grant project is unique and innovative in its approach to increasing beverage container recycling in California.

▪ Technical, economic, and market feasibility of the grant project  
(score of 35 points)

- ❑ Includes a review that the application provides a sound technical and economic analysis of the proposed grant project and its recycling impacts.
- ❑ Includes a review that, for research and development grant projects, the application (1) identifies the scientific basis for the project, (2) provides a review of current literature, (3) describes the relevant research methodology, and (4) discusses commercialization potential.
- ❑ Includes a review that, for market development grant projects, the application provides an analysis of the current and future markets for the relevant impacted material(s) and an assessment of the short-term and long-term impacts of the proposed project on those markets.
- ❑ Includes a review that, for manufacturing end-use grant projects, that the application identifies the technologies to be used and includes an assessment of potential markets for the product(s).
- ❑ Includes a review that the application clearly identifies how, and to what extent, the grant project will impact each step in the recycling stream (collection, processing, and manufacturing). A greater priority will be given to projects that impact processing and manufacturing (versus collection).
- ❑ Includes a review that the grant application demonstrates the sustainability of the grant project beyond the grant subsidy and the length of the grant project. Greater priority will be given to grant projects that result in on-going benefits beyond the life of the grant period.
- ❑ Includes a review that the application clearly identifies how the project will achieve the expected economic impacts of the grant project in terms of jobs created, business potential, price of recycled materials, and relevant production and processing costs.

▪ Grant project work plan  
(score of 30 points)

- ❑ Includes a review that the project is well planned and that the project work plan description succinctly defines tasks to be performed.

- ❑ Includes a review that the project executive summary (Attachment B, Grant Executive Summary) is clear, concise, and descriptive of the grant project.
- ❑ Includes a review that the application identifies grant performance measures and a progress reporting framework that includes estimates of the number of additional beverage containers recycled and new jobs created as a result of the grant project.
- ❑ Includes a review that the application identifies critical grant project accomplishments.
- ❑ Includes a review that the grant project implementation time schedule (Attachment E) is realistic and lists major milestones, with expected due dates, so that the Department can evaluate grant progress.

#### 4. Project Budget

This evaluation step will be scored on a 100-point scale. Applications must achieve a score of at least 70 points on this evaluation step to be recommended to the Department Director for a grant award. The project budget score will be based on the applicant's responses to Attachment C (Grant Project Budget) of the application. There are four categories:

- Budget format and expense categories  
(score of 20 points)
  - ❑ Includes a review that the grant budget is presented using the provided budget forms, or in a format consistent with those forms, and that itemized costs are provided for each relevant category.

- Identified and reasonable costs  
(score of 40 points)
  - ❑ Includes a review that all grant project costs are identified and reasonable and that significant budget line items are clearly justified. Higher priority will be given to those grant activities directly related to achieving grant operating objectives.
- Matching funds and in-kind services  
(score of 20 points)
  - ❑ Includes a review that the level of matching funds, and in-kind services, provided is consistent with the size and scope of the grant project.
- Amount of funding request  
(score of 20 points)
  - ❑ Includes a review that the size of the grant funding request is reasonable in relationship to the overall capability of the applicant and the expected benefits to the California beverage container recycling program and the State of California.

#### 5. Final Project Score

The final grant project score will be based on the combined scores for (1) Applicant Qualifications, (2) Project Qualifications, and (3) Project Budget. Final grant award selections will be made by the Director of the Department of Conservation from among the qualified applicants and may not be reflective of the relative scores of the applicants. An example of the scoring for three applicants is shown below.

#### Example Scoring

<i>Applicant</i>	<i>Applicant Qualifications Score</i>	<i>Project Qualifications Score</i>	<i>Project Budget Score</i>	<i>Final Project Score</i>
A	90	85	90	265
B	85	95	90	270
C	65	80	80	225

*In this example, the order of project award recommendations to the Director would be: (1) Applicant B, and (2) Applicant A. The project of Applicant C would not be recommended to the Director for funding because it scored less than 70 points for Applicant Qualifications.*

## 6. Grant Agreement and Administration

Grants awarded by the Department are administered through a grant agreement. Grant agreements consist of standard language, a grant summary, budget, and an implementation time schedule with measurable milestones. The Department discourages any changes to the grant agreement standard language; only the most critical of circumstances will be considered adequate to justify modifications to this agreement. A sample grant agreement is available at [www.conservation.ca.gov](http://www.conservation.ca.gov).

All expenses incurred by the grantee will be reimbursed no more often than monthly in arrears, based on actual costs, original receipts, and strict compliance with the application incorporated by reference into the grant agreement. Advance payments of grant funds are not allowed. Expenses incurred prior to the effective date of the grant agreement, or after the closing date of the grant agreement, are not reimbursable.

The Department will retain ten (10) percent of each grant progress payment until all tasks proposed in the grant agreement are completed. Final payment of the withheld funds will be made only after approval of a final grant report.

As a condition of receiving grant funds, grantees must comply with grant agreement requirements. Grantees are required to submit monthly status reports describing recycling volume impacts, recycled material used in manufacturing, job creation impacts, and performance measures proposed in the grant proposal, along with their monthly invoices.

## 7. Submission of Grant Application

Grant application packages can be mailed, or hand-delivered, to the following address:

California Department of Conservation  
Division of Recycling, Market Research Branch  
Market Expansion Section  
801 K Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Market Development & Expansion  
Grant Program Application

Telephone (916) 323-5878  
TDD (916) 324-2555

Grant applications will not be accepted if submitted via fax or e-mail. Grant applications received by the Department after 5:00 PM (Pacific Time), on Friday, February 13, 2004, will not be accepted.

One (1) original grant program application (has original signatures) and six (6) copies must be provided to the Department. Though not required (or scored), an enclosed electronic copy of the application would be helpful to the Department.

Below is the tentative time schedule for the 2003/2004 market development and expansion grant program:

- **January 16, 2004**  
Release of grant solicitation, and posting on DOC web site
- **February 13, 2004**  
Submission deadline for grant applications
- **April 19, 2004**  
Notification of grant awards
- **June 1, 2004**  
Execution of grant agreements.

## 8. Grant Application Checklist

Use this checklist to help confirm that all the required information is included in the application package prior to submittal to the Department. This checklist is only an aid to the applicant as the applicant is solely responsible to ensure that all requirements stated throughout this entire grant program application document are fulfilled.

- One (1) original, and six (6) copies of the application
- Application printed on recycled content paper, double-sided, no smaller than 10-point font size, prepared in the least expensive method.
- **Section A. Administrative Requirements**
  - ❑ Cover letter (signed by the person authorized to bind the organization to a grant agreement).
  - ❑ Resolution of support (for government agencies and non-profit organizations).
  - ❑ Copy of tax-exempt status (for non-profit organizations).
  - ❑ Copy of appropriate proof of business status (for private businesses).
- **Section B. Applicant Qualifications**
  - ❑ Qualifications of applicant subsection does not exceed eight (8) pages in length (excluding resumes or statements of qualifications).
  - ❑ Financial statements for three (3) previous years or demonstration of financial capacity.

- **Section C. Project Qualifications** does not exceed fifteen (15) pages and includes the following three sections:
  - ❑ Project need.
  - ❑ Technical, economic, and market feasibility of the project.
  - ❑ Project work plan.
- **Section D. Attachments** are completed, additional explanation pages follow each attachment, as necessary (additional pages may be required for Attachments A and C):
  - ❑ Attachment A, Grant Applicant/Project Summary (signed by the person authorized to bind the organization to a grant agreement).
  - ❑ Attachment B, Grant Executive Summary.
  - ❑ Attachment C, Grant Project Budget.
  - ❑ Attachment D, Grant Project Estimated Impacts.
  - ❑ Attachment E, Grant Project Schedule.
  - ❑ Attachment F, Grant Permits and Regulatory Approvals (signed by the person authorized to bind the organization to a grant agreement).
  - ❑ Attachment G, Grant Applicant References.
- Optional: **Section E. Supplemental Materials**, if included:
  - ❑ Technical information is limited to that which is absolutely necessary to support the application.
  - ❑ Confidential information is clearly labeled and all confidentiality procedures outlined in the application package (Section 4. Grant Application Requirements) have been followed.
  - ❑ Section E is to be bound separately from Sections A through D of the application.

## 2003/2004 Grant Applicant/Project Summary

Contact Name	Telephone Number (    )	Fax Number (    )	
Title	E-mail Address @		
Organization Name	Web Page Address		
Mailing Address	City	State	Zip Code
Business Address	City	State	Zip Code
Assembly District Number(s):		Senate District Number(s):	
Amount of Grant Request \$	Grant Period (Dates) From: To:	Total Number of Months (6 to 36 mos.)	
Provide a one-paragraph descriptive summary of the grant project:			
<b>Type of Grant Project</b> (check all that apply) <input type="checkbox"/> Research & Development <input type="radio"/> Collection and Processing <input type="radio"/> Recycled Content Product Manufacturing <input type="checkbox"/> Market Development or Expansion <input type="checkbox"/> Recycling of Plastic Containers, Resins # 3 to # 7 <input type="checkbox"/> Other _____		<b>Type of Organization</b> (check one) <input type="checkbox"/> Private Business <input type="checkbox"/> Non-Profit <input type="checkbox"/> Government Agency <input type="checkbox"/> University <input type="checkbox"/> Tribe <input type="checkbox"/> Other _____	
<b>Materials to be Addressed</b> (check all that apply) <input type="checkbox"/> Aluminum <input type="checkbox"/> Glass <input type="checkbox"/> Bi-Metal <input type="checkbox"/> PET # 1 <input type="checkbox"/> HDPE # 2 <input type="checkbox"/> PVC # 3 <input type="checkbox"/> LDPE # 4 <input type="checkbox"/> PP # 5 <input type="checkbox"/> PS # 6 <input type="checkbox"/> Other # 7			
<b>Financial/Legal History</b> <input checked="" type="checkbox"/> Has the applicant, or any grant principal, ever had a Department certificate denied, suspended, revoked, or otherwise been disciplined by the Department? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Has the applicant, or any grant principal, experienced foreclosure, repossession, bankruptcy, civil judgment, or criminal penalty (or been party to a consent decree) as a result of any violation of federal, state, or local law? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Has the applicant, or any grant principal, been the subject of any proceedings that are pending, or to the best of their knowledge, threatened against them, which may result in any adverse change in applicant financial condition, or materially adversely affect applicant operations? <input type="checkbox"/> Yes <input type="checkbox"/> No <p style="text-align: center;"><i>If any of the above are answered "Yes," please provide additional explanation on separate sheets of paper.</i></p>			
<b>Grant History</b> <input checked="" type="checkbox"/> Has the applicant, or any grant principal, been previously awarded a Department grant? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Has the applicant, or any grant principal, been previously awarded a government grant for projects related to this proposed project? <input type="checkbox"/> Yes <input type="checkbox"/> No <p style="text-align: center;"><i>If any of the above are answered "Yes," please provide additional explanation on separate sheets of paper (i.e., Grantor, Year, Amount, and Outcome).</i></p>			

## Person Authorized to bind organization in grant agreement

Name (Print)	Title
Signature (required)	Date

**2003/2004 Grant Executive Summary**

Organization Name

Contact Name

Provide a one-page (*not smaller than 10 pt. font*) executive summary of the grant project.



## 2003/2004 Grant Project Budget

Organization Name

Contact Name

	First 12 Months of Grant		Second 12 Months of Grant		Third 12 Months of Grant		Total	
BUDGET CATEGORY	Grant Funds	Match Funds	Grant Funds	Match Funds	Grant Funds	Match Funds	Total Grant Funds	Total Match Funds
1. Salary and benefits by staff person								
-								
-								
-								
-								
-								
-								
-								
Subtotal								
2. Equipment by category								
-								
-								
-								
-								
Subtotal								
3. Buildings and facilities <i>(explain)</i>								
4. Supplies								
5. Rent and utilities								
6. Travel								
7. Contractual services <i>(explain)</i>								
8. Other operating costs <i>(explain)</i>								
9. Other non-operating costs <i>(explain)</i>								
10. TOTAL								

## 2003/2004 Grant Project Estimated Impacts

Organization Name		Contact Name
A. Total grant funding request:  \$ _____	B. Estimated <u>annual</u> number of additional beverage containers recycled as a result of this project: _____	C. Estimated <u>annual</u> number of new California jobs created as a result of this project: _____
D. Recycling impact = $\frac{\text{"A"}}{\text{"B"}}$ = _____ = _____ \$/container		
E. Jobs impact = $\frac{\text{"A"}}{\text{"C"}}$ = _____ = _____ \$/job		
F. First year of expected recycling/job impacts: Recycling: _____ Jobs: _____		G. Number of years of expected recycling/job impacts: Recycling: _____ (example: 1 year, 2 years, ongoing) Jobs: _____
H. Explanation of recycling and job impacts: (use the rest of this page to provide an explanation of the assumptions and projections used to determine the estimated impacts)		

## 2003/2004 Grant Project Schedule

Organization Name	Contact Name
-------------------	--------------

[illegible]

## 2003/2004 Grant Permits and Regulatory Approvals

Organization Name	Contact Name
-------------------	--------------

Permit or Regulatory Approval	Date Received	Issuing Authority	Date Expected
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

*The individual authorized to bind the organization to a grant agreement must sign A or B below.*

**A. If project will require permits or regulatory approval:**

To the best of my knowledge, the above information is accurate.

Signature	Date
-----------	------

**B. If project will not require permits or regulatory approval:**

To the best of my knowledge, this project will not require any permits or regulatory approvals.

Signature	Date
-----------	------

## 2003/2004 Grant Applicant References

Organization Name

Contact Name

**REFERENCE 1**

Name of Entity

Street Address

City

State

Zip Code

Contact Person

Telephone Number (     )

Dates of Relationship – *From:**To:*

E-Mail

@

Brief Description of Relationship

**REFERENCE 2**

Name of Entity

Street Address

City

State

Zip Code

Contact Person

Telephone Number (     )

Dates of Relationship – *From:**To:*

E-Mail

@

Brief Description of Relationship

**REFERENCE 3**

Name of Entity

Street Address

City

State

Zip Code

Contact Person

Telephone Number (     )

Dates of Relationship – *From:**To:*

E-Mail

@

Brief Description of Relationship

*2003/2004 Recycling Market Development & Expansion Grant Program – Sample Grant Agreement*  
*The Department reserves the right to make any changes to the terms of the Grant Agreement prior to the final award of the Recycling Market Development and Expansion Grant. The terms of the Grant Agreement are not negotiable.*

## **GRANT AGREEMENT Terms and Conditions**

### **GENERAL PROVISIONS**

1. Grant Authority and Term
2. Grant Manager
3. Scope of Agreement
4. Modification - Changes
5. Subcontractors
6. Ownership of Property and Equipment
7. Stop Work Notices
8. Discretionary Termination
9. Disputes
10. Publicity and Acknowledgment
11. Copies of Data, Plans, and Specifications
12. Review and Notice of Conflicting Terms
13. Confidentiality
14. Intellectual Property Items Developed Prior to this Agreement
15. Rights of Parties Regarding Intellectual Property
16. Site Visits
17. Governing Law
18. Insurance
19. Liability Indemnification and Waiver
20. Assignment
21. Grantee Independence/Not an Agent of the Department
22. Severability/Unenforceable Provision
23. Timeliness
24. Discharge of Grant Obligations
25. Certification Clauses
26. Breach of Conditions/Remedy for Default

### **EXPENDITURE, PAYMENT, REPORTING, AND RECORD KEEPING PROVISIONS**

27. Allowable Costs and Documentation
28. Reasonable Costs
29. Competitive Bid Requirements
30. Conflict of Interest, Self-Dealing, and Need for Arm's Length Transactions
31. Record Keeping Requirements
32. Audits
33. Payment
34. Reimbursement Limited to Net Costs
35. Invoicing
36. Travel
37. Documentation of Time Spent
38. Reports

## EXHIBITS

- A. Grant Summary
- B. Executive Summary
- C. Budget
- D. Implementation Schedule
- E. Grantee Certification of Compliance

# **GRANT AGREEMENT Terms and Conditions**

## **GENERAL PROVISIONS**

### **1. Grant Authority and Term**

(a) This Grant Agreement (hereinafter "Agreement") is between the California Department of Conservation, Division of Recycling (hereinafter "Department"), and the \_\_\_\_\_ (hereinafter referred to as "Grantee"). Hereinafter, the Department and the Grantee collectively shall be referred to as "the Parties".

(b) The Parties mutually agree and understand that this Agreement is a legally binding document, inuring to the benefit of the public, that is authorized pursuant to Section 14581 (a)(10) of the Public Resources Code (PRC). Any and all references herein to "DOR" shall also mean "Department." Any references to "contractor" herein, including references in this Agreement, in documents attached thereto, and/or in documents, statutes and regulations incorporated herein by reference, shall be deemed to be references to "Grantee."

(c) The signatories for this Agreement hereby certify that they are authorized to act on behalf of the Parties in approving this Agreement. If the Grantee is a non-profit entity, the signatory for the Grantee further certifies that the Board of Directors for the Grantee has endorsed Grantee's receipt of Grant funds pursuant to this Agreement and performance of activities and expenditure of funds in a manner consistent with the Grant Summary at Exhibit A, Executive Summary at Exhibit B, the Budget at Exhibit C, Implementation Schedule at Exhibit D, and Grantee Certification of Compliance at Exhibit E.

### **2. Grant Manager**

\_\_\_\_\_ is the Grant Manager and the Department's representative for this Agreement.  
\_\_\_\_\_ is the Grantee's representative. The Grant Manager responsibilities include monitoring Grant progress, and reviewing and approving invoices and other documents delivered to the Department pursuant to this Agreement. The Grant Manager does not have the authority to control or direct specifically how the Grantee carries out activities authorized and funded pursuant to this Agreement, but must ensure that the Grantee expends Grant funds appropriately and in a manner consistent with the terms and conditions contained herein. All official communication from the Grantee to the Division of Recycling (DOR) shall be directed to: \_\_\_\_\_, Department of Conservation, Division of Recycling, Market Research Branch, 801 K Street, 17<sup>th</sup> Floor, Sacramento, California 95814; phone: \_\_\_\_\_; fax: \_\_\_\_\_; e-mail: \_\_\_\_\_.

### **3. Scope of Agreement**

The terms and conditions of this Agreement constitute and contain the entire Agreement and understanding between the Parties, and may not be contradicted by evidence of any prior or contemporaneous oral Agreement. The 2003-2004 Recycling Market Development and Expansion Grant Program Application and the Grantee's application submitted in response to the solicitation, are incorporated herein by reference. To the extent that any conflicts or inconsistencies exist between the terms and conditions of this Agreement, including the attached exhibits, and either the solicitation or the Grantee's application, the terms and conditions of this Agreement shall prevail and be controlling.

### **4. Modifications – Changes**

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties. Major changes to the Grant including, but not limited to, increases or decreases to the overall Grant amount and substantial revisions to the Grant Summary, require formal amendment of this Agreement. Changes such as budget line item revisions of less than \$500, minor task modifications, management staff adjustments, and minor changes in the Grant Summary may not require amendment of the Agreement; however, the Grantee shall obtain prior written approval from the Grant Manager before



making such changes. All requests should be submitted in writing and include a description of the proposed change and the reasons for the change.

## **5. Subcontractors**

(a) The Grantee shall be entitled to make use of its own staff and such subcontractor(s) as are mutually acceptable to the Grantee and the Department. All subcontractor(s) specifically identified in the Grant Summary are considered to be acceptable to the Department. Any change in subcontractor(s) or change as to how the Grantee intends to use the services of a subcontractor shall require either a formal amendment of this Agreement or written change order.

(b) It is understood and agreed by the Parties that the Grantee and each subcontractor shall comprise the "Grantee team." The Grantee shall manage the performance of the project and shall manage the performance of the Grantee team.

(c) In carrying out activities funded under this Agreement, the Grantee, its subcontractors and its employees shall exercise the degree of skill and care required by customarily accepted good professional practices and procedures. Any costs incurred due to failure to meet the foregoing standards, or due to otherwise defective services that cause redundancy, shall be borne by the Grantee and not the Department.

## **6. Ownership of Property and Equipment**

The Parties agree that the Department shall hold and retain throughout the term of this Agreement rights to and interest in personal property, including equipment, purchased with funds provided through this Agreement. In the event this Agreement is terminated before full performance and completion of all activities and work authorized and funded herein, the Grantee shall, within thirty (30) days of Grantee's receipt of a written demand from the Department, surrender possession of and any rights to all such property specified in the Department's written demand. After \_\_\_\_\_, and upon the Department's determination that Grantee has complied with all terms and conditions of this Agreement and has completed all Grantee obligations reflected herein, the Department shall relinquish to the Grantee any and all rights to, and interests in, personal property, including equipment, purchased with funds provided through this Agreement.

## **7. Stop Work Notices**

Immediately upon receiving a written notice from the Department to stop work, the Grantee shall cease all work under this Agreement.

## **8. Discretionary Termination**

Either party shall have the right to terminate this Agreement at any time upon thirty (30) days written notice to the other. In the case of such "early" or "discretionary" termination, defined as termination occurring before full performance of all objectives and activities described in the Grant Summary and authorized for funding herein, a final payment will be made to the Grantee, if due, upon receipt of a financial report and invoices covering costs incurred to termination, and a written report describing all work performed by the Grantee to date of termination. Upon discretionary termination of this Agreement and upon receipt of a written demand from the Department, Grantee also shall relinquish to the Department possession and control of any property purchased pursuant to this Agreement.

## **9. Disputes**

In the event of a dispute, the Grantee may, in addition to any other remedies that may be available, provide written notice of the particulars of such dispute to the Assistant Director for Recycling, Department of Conservation, 801 K Street, MS 19-01, Sacramento, California 95814-3533. Such written notice must contain the Grant number. Within fifteen (15) days of receipt of such notice, the Assistant Director shall advise the Grantee of his or her findings and a recommended means of resolving the dispute.

## **10. Publicity and Acknowledgment**

(a) The Grantee agrees that it will acknowledge the California Department of Conservation's support whenever activities or projects funded, in whole or in part, by this Agreement are publicized in any news media, brochures, articles, seminars or other type of promotional material. The Grantee shall also include in any publication resulting from work performed under this Grant an acknowledgment substantially as follows, or other language approved by the Grant Manager:

*"The work upon which this publication is based was funded, in whole or in part, through a grant awarded by the California Department of Conservation."*

(b) The Grantee shall place the following notice, preceding the text, on draft reports, on the final report, and on any other report or publication resulting from work performed under this Agreement:

### ***Disclaimer***

*"The statements and conclusions of this report are those of the Grantee and/or Subcontractor and not necessarily those of the Department of Conservation or its employees. The Department makes no warranties, express or implied, and assumes no liability for the information contained in the succeeding text."*

(c) The Grantee shall, when possible, place the Department's website address and toll free telephone number on printed educational and printed media materials relating to recycling for public distribution and use.

(d) Before any materials or other publications funded, in whole or in part, pursuant to this Agreement are published, Grantee shall provide the Department with an opportunity to review any and all references to the Department or the programs and laws that it administers in such materials and publications.

## **11. Copies of Data, Plans, and Specifications**

The Grantee shall, at the request of the Department or as specifically directed in the Grant Summary at Exhibit A herein, provide the Department with copies of any data, design plans, specifications, photographs, negatives, audio and video productions, films, recordings, reports, findings, recommendations and memoranda of every description or any part thereof, prepared under this Agreement.

The State of California shall have the right to copy and distribute said copies in any manner when and where it may determine without any claim on the part of the Grantee, its vendors or subcontractors to any additional compensation.

## **12. Review And Notice Of Conflicting Terms**

Grantee warrants and attests that it has conducted a detailed review of the terms and conditions of its existing project-related third party Agreements and has identified all known or reasonably foreseeable conflicts with this Agreement's terms and conditions and has disclosed the conflicts in writing to the Department prior to executing this Agreement. In the event further conflicts are identified, Grantee and Department agree that these conflicts shall be addressed using the procedure described in the Disputes clause. Nothing in this Agreement is intended to nullify or obviate any prior third party Agreements executed by Grantee. However, the Department is free to terminate this Agreement if the conflict impairs or diminishes the value of this Agreement.

## **13. Confidentiality**

(a) Determination. The Department Assistant Director for Recycling makes the final determination of confidentiality. In the event there is a disagreement over the items to be delivered under the Agreement, the parties shall use the Disputes clause. Those items to be delivered as confidential shall be subject to the Department Director's determination of confidentiality. If the Grantee wishes to appeal the Assistant Director's determination, the appeal shall be made to the Department. The Grant Manager and the Grantee will identify pre-existing confidential or proprietary items to be delivered under this Agreement.

The Department agrees not to disclose those items listed in Section E of the grant application determined to be confidential

(b) Public and Confidential Deliverables. Only those items specifically listed in Section E of the grant application or in a subsequent determination of confidentiality qualify as confidential deliverables. All deliverables including, but not limited to, progress reports, task deliverables and the Final Report shall not contain confidential information except when the Grant Manager and the Grantee deem it necessary to include confidential information in a deliverable. In such event, the Grantee shall prepare the deliverable in two separate volumes, one for public distribution and one to be maintained in the Department's confidential records.

(c) Future Confidential Information. The Grantee and the Department agree that during this Agreement, it is possible that the Grantee may develop additional data or information that the Grantee considers to be protectable as confidential information. Grantee must list all items and information along with justification for confidentiality and submit the information to the Grant Manager. The Department Director makes the final determination of confidentiality. Such subsequent determinations will be added to Section E of the grant application.

(d) Identifying and Submitting Confidential Information. All confidential information submitted by the Grantee shall be marked "Confidential" on each document containing the confidential information and delivered in a sealed package to the Grant Manager. The confidential information will only be available to those persons authorized by the Department Director.

#### **14. Intellectual Property Items Developed Prior To This Agreement**

(a) The Department makes no claim to intellectual property that existed prior to this Agreement and was developed without Department funding.

(b) The Grantee gives notice that the items listed in Section E of the grant application have been developed without Department funding and prior to the start of this Agreement. This list represents a brief description of the prior developed intellectual property. A detailed description of the intellectual property, as it exists on the effective date of this Agreement, may be necessary if Department funds are used to further develop the listed intellectual property. This information will assist the parties to make an informed decision regarding intellectual property rights.

(c) If the Grantee has not identified any pre-existing intellectual property in Section E of the grant application, the Grantee is estopped from making any claims in reference to pre-existing intellectual property.

#### **15. Rights Of Parties Regarding Intellectual Property**

(a) Department's Rights in Deliverables. Deliverables and reports specified for delivery to the Department under this Agreement shall become the property of the Department. The Department may use, publish, and reproduce the deliverables and reports subject to the provisions of subparagraph c.

(b) Rights in Technical, Generated, and Deliverable Data

(1) Grantee's Rights. All data (i.e., technical, generated and deliverable data) produced under this Agreement shall be the property of the Grantee, limited by the license retained by the Department in (2) below and the rights the Department has in deliverables specified above in (a).

(2) Department's Rights. Grantee shall provide the Department with a copy of all technical, generated and deliverable data produced under the Agreement. Grantee does not have to copy and submit to the Department data the Grant Manager has identified as being unusable. For instance, some data may not warrant routine copying and shipping because the raw data is too disaggregated or voluminous for practical application. Retention of such data at the Grantee's facility for inspection, review and possible copying by the Grant Manager is expected to be a more efficient use of Department staff and the Grantee's time and efforts.

(3) For all data (technical, generated and deliverable) produced under this Agreement, the Department retains a no-cost, non-exclusive, non-transferable, irrevocable, royalty-free, worldwide, perpetual license to use, publish, translate, produce and to authorize others to produce, translate, publish and use the data, subject to the provisions of subparagraph (c).

(c) Limitations on Department Disclosure of Grantee's Confidential Records

(1) Data provided to the Department by Grantee, which data the Department has not already agreed to keep confidential and which Grantee seeks to have designated as confidential, or is the subject of a pending application for confidential designation, shall not be disclosed by the Department, unless disclosure is ordered by a court of competent jurisdiction.

(2) It is the Department's intent to use and release project results such as deliverables and data in a manner calculated to further Department objectives while protecting proprietary or patentable interests of the parties. Therefore, the Department agrees not to disclose confidential data or the contents of reports containing data considered by Grantee as confidential, without first providing a copy of the disclosure document for review and comment by Grantee. Grantee shall have no less than 10 working days for review and comment and, if appropriate, to make an application for confidential designation on some or all of the data. The Department shall consider the comments of Grantee and use professional judgment in revising the report, information or data accordingly.

(d) Exclusive Remedy. In the event the Department intends to publish or has disclosed data the Grantee considers confidential, the Grantee's exclusive remedy is a civil court action for injunctive relief. Such court action shall be filed in Sacramento County, Sacramento, California.

(e) Waiver of Consequential Damages

**IN NO EVENT WILL THE DEPARTMENT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES BASED ON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT, OR ANY OTHER LEGAL THEORY FOR THE DISCLOSURE OF GRANTEE'S CONFIDENTIAL RECORDS, EVEN IF THE DEPARTMENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. DAMAGES THAT THE DEPARTMENT WILL NOT BE RESPONSIBLE FOR INCLUDE, BUT ARE NOT LIMITED TO, LOSS OF PROFIT; LOSS OF SAVINGS OR REVENUE; LOSS OF GOODWILL; LOSS OF USE OF THE PRODUCT OR ANY ASSOCIATED EQUIPMENT; COST OF CAPITAL; COST OF ANY SUBSTITUTE EQUIPMENT, FACILITIES, OR SERVICES; DOWNTIME; THE CLAIMS OF THIRD PARTIES INCLUDING CUSTOMERS; AND INJURY TO PROPERTY.**

(f) Limitations on Grantee Disclosure of Agreement Data, Information, Reports and Records

(1) Grantee will not disclose the contents of the final or any preliminary deliverable or report without first providing a copy of the disclosure document for review and comment to the Grant Manager. The Grantee shall consider the comments of the Grant Manager and use professional judgment in revising the reports, information or data accordingly.

(2) After any document submitted has become a part of the public records of the State, Grantee may, if it wishes to do so at its own expense, publish or utilize the same, but shall include the legal notice stated above.

(3) Notwithstanding the foregoing, in the event any public statement is made by the Department as to the role of Grantee or the content of any preliminary or Final Report of Grantee hereunder, Grantee may, if it believes such statement to be incorrect, state publicly what it believes is correct.

(4) Grantee will not disclose any record that is provided by the Department to Grantee for Grantee's use in executing this Agreement and which has been designated as confidential, or is the subject of a pending Application for Confidential Designation, unless disclosure is ordered by a court of

competent jurisdiction. At the election of the Grant Manager, the Grantee, its employees and any subcontractor shall execute a "Confidentiality Agreement," supplied by the Grant Manager.

(5) Grantee acknowledges that each of its officers, employees, and subcontractors who are involved in the performance of this Agreement will be informed about the restrictions contained herein and to abide by the above terms.

(g) Proprietary Data. Proprietary data owned by the Grantee shall remain with the Grantee throughout the term of this Agreement and thereafter. The extent of Department access to the same and the testimony available regarding the same shall be limited to that reasonably necessary to demonstrate, in a scientific manner to the satisfaction of scientific persons, the validity of any premise, postulate or conclusion referred to or expressed in any deliverable hereunder.

(h) Preservation of Data. Any data which is reserved to the Grantee by the express terms hereof, and pre-existing proprietary or confidential data which has been utilized to support any premise, postulate or conclusion referred to or expressed in any deliverable hereunder, shall be preserved by the Grantee at the Grantee's own expense for a period of not less than three years after receipt and approval by the Department of the Final Report herein.

(i) Destruction of Data. After the expiration of three years and before changing the form of or destroying any such data, the Grantee shall notify Department of any such contemplated action and Department may, within thirty (30) days after said notification, determine whether it desires said data to be further preserved. If Department so elects, the expense of further preserving said data shall be paid for by the Department. Grantee agrees that Department may at its own expense, have reasonable access to said data throughout the time during which said data is preserved. Grantee agrees to use its best efforts to identify competent witnesses to testify in any court of law regarding said data or, at Department's expense, to furnish such competent witnesses.

(j) Patent Rights. Patent rights for subject inventions will be the property of Grantee, subject to the Department retaining a no-cost, nonexclusive, nontransferable, irrevocable royalty-free, worldwide perpetual license to use or have practiced for or on behalf of the State of California the subject invention(s) for governmental purposes. Grantee must obtain Agreements to effectuate this clause with all persons or entities obtaining ownership interest in the patented subject invention(s). Previously documented (whether patented or unpatented under the patent laws of the United States of America or any foreign country) inventions are exempt from this provision.

(k) March-In Rights. The Grantee shall forfeit and assign to the Department, at the Department's request, all rights on a subject invention if either: 1) Grantee fails to apply for a patent on subject inventions(s) developed under this contract within six months of conceiving or first actually reducing to practice the technology or 2) Grantee or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention. In this event, the Grantee agrees to relinquish all rights on the subject invention to the Department. The Department will have the unfettered right to use and/or dispose of the rights in whatever manner it deems most suitable to help transfer the technology into the market place, including but not limited to, seeking patent protection, or licensing the invention.

(l) Department's Rights to Invention. Grantee and all persons and/or entities obtaining an ownership interest in subject invention(s) shall include within the specification of any United States patent application, and any patent issuing thereon covering a subject invention, the following statement:

"THIS INVENTION WAS MADE WITH STATE OF CALIFORNIA SUPPORT UNDER  
CALIFORNIA DEPARTMENT OF CONSERVATION AGREEMENT NUMBER «KNUMBER».  
THE DEPARTMENT HAS CERTAIN RIGHTS TO THIS INVENTION."

(m) Department's Interest in Inventions. Upon the perfecting of a patent application on any subject invention, Grantee will complete and sign a Uniform Commercial Code (UCC.1) Financing Statement and submit it to the Grant Manager for complete processing. The Grant Manager will review the UCC.1 for complete information and file the satisfactory UCC.1 with the Secretary of State's Office.

(n) Copyrights

(1) Copyrightable material first produced under this Agreement shall be owned by the Grantee, limited by the license granted to the Department in (2) below.

(2) Grantee agrees to grant the Department a royalty-free, no-cost nonexclusive, irrevocable, nontransferable worldwide, perpetual license to produce, translate, publish, use and dispose of, and to authorize others to produce, translate, publish, use and dispose of all copyrightable material first produced or composed in the performance of this Agreement.

(3) Grantee will apply copyright notices to all deliverables using the following form or such other form as may be reasonably specified by Department.

“©[YEAR OF FIRST PUBLICATION OF DELIVERABLE],  
[THE COPYRIGHT HOLDER’S NAME].  
ALL RIGHTS RESERVED.”

(4) Software. In the event software is developed that is not a deliverable under the Agreement, Grantee shall have the right to copyright and/or patent such software and grants the Department a royalty-free, no-cost, non-exclusive, irrevocable, non-transferable, worldwide, perpetual license to produce and use the software, its derivatives and upgrades for governmental purposes.

(o) Intellectual Property Indemnity. Grantee warrants that Grantee will not, in its supplying of the work under this Agreement’s work statement, knowingly infringe or misappropriate any intellectual property right of a third party, and that it will conduct a reasonable investigation of the intellectual property rights of third parties to avoid such infringement. Grantee will defend and indemnify Department from and against any claim, lawsuit or other proceeding, loss, cost, liability or expense (including court costs and reasonable fees of attorneys and other professionals) to the extent arising out of: (i) any third party claim that a deliverable infringes any patent, copyright, trade secret or other intellectual property right of any third party, or (ii) any third party claim arising out of the negligent or other tortious act(s) or omission(s) by the Grantee, its employees, subcontractors or agents, in connection with or related to the deliverables or the Grantee’s performance thereof under this Agreement.

**16. Site Visits**

The Department may conduct periodic site visits, at its own expense, to monitor progress during the Grant term. Also, interim oral or written progress reports may be required to supplement the more formal status reports.

**17. Governing Law**

This Agreement is governed by, and shall be interpreted in accordance with, the laws of the State of California. For the purpose of any litigation related to and/or challenging any aspect of this Agreement or performance thereunder, the locus is Sacramento, California.

**18. Insurance**

The Grantee shall obtain and keep in force for the term of this Agreement, and require its subcontractors to obtain and keep in force, the following insurance policies which cover any acts or omissions of the Grantee, or its employees engaged in the provision of services or performance of activities funded pursuant to and specified in this Agreement:

(a) Worker's Compensation Insurance in accordance with the statutory requirement of the State of California.

(b) Commercial general liability insurance in the amount of \$1,000,000 per occurrence and aggregate for bodily injury and property damage.

(c) Automobile liability in the amount of \$1,000,000 for each accident for owned or non-owned or hired vehicles, whichever is applicable.

The Department may make an exception if the Grant amount is less than \$10,000 and is used only to purchase equipment.

The Grantee shall name the State of California, its officers, agents, employees and servants as additional insured parties for all insurance required and is responsible for guaranteeing that a copy of each Certificate of Insurance is submitted to the Department within thirty (30) days of the execution of the Grant.

The certificate of insurance shall state a limit of liability of not less than \$1,000,000 per occurrence for bodily injury and property damage combined.

Self-insured entities must provide a copy of a Certificate of Consent to Self-Insure issued by the California Department of Industrial Relations.

The Grantee shall notify the Department prior to any insurance policy cancellation or substantial change of policy.

#### **19. Liability Indemnification and Waiver**

(a) Grantee agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Grantee or its contractors, subcontractors, laborers, suppliers or employees in the performance of this Agreement.

(b) The Grantee waives any and all rights to any type of express or implied indemnity or right of contribution from the State, officers, agents or employees, for any liability arising from, growing out of, or in any way connected with this Agreement.

#### **20. Assignment**

The Grantee's interest in and responsibilities under this Agreement shall not be assignable by the Grantee either in whole or in part without the written consent of the Department.

#### **21. Grantee Independence/Not an Agent of the Department**

In the performance of this Agreement, Grantee, and the agents and employees of the Grantee, shall act in an independent capacity and not as officers or employees or agents of the Department.

#### **22. Severability/Unenforceable Provision**

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, it shall be severable from the remainder of the Agreement. The Parties agree that all other provisions of this Agreement shall have force and effect and not be affected thereby.

#### **23. Timeliness**

Time is of the essence in the performance of this Agreement. Grantee is required to begin implementation of this Agreement as soon as possible following its execution and shall abide by **Exhibit D, Implementation Schedule**. Grantee shall not incur costs pursuant to this Agreement after \_\_\_\_\_.

#### **24. Discharge of Grant Obligations**

The Grantee's obligations under this Agreement shall be deemed discharged only upon acceptance of the final report by the Department. If the Grantee is a non-profit entity, the Grantee's Board of Directors shall accept and certify as accurate the final report prior to its submission to the Department.

## **25. Certification Clauses**

The Grantee hereby certifies its compliance with all applicable requirements contained in **Exhibit E, Grantee Certification of Compliance**.

## **26. Breach of Conditions/Remedy for Default**

(a) In the event of Grantee's breach of any conditions or terms of this Agreement, the Department will give written notice to the Grantee, describing the breach. Notice shall be deemed given when deposited in the U.S. Post office, postage prepaid, addressed to Grantee, or by personal delivery to Grantee's place of business. If Grantee does not, within thirty (30) days after the notice is given, (1) cure the breach described in the Department's notice or (2) if the breach is not curable within thirty (30) days, commence to cure the breach, then Grantee shall be in default under this Agreement.

(b) In the event of a default under this Agreement, the Department shall be entitled to all remedies available at law including, but not limited to, termination of the Grant Agreement, withholding of amounts billed and/or recovery of funds disbursed and equipment purchased pursuant to the Agreement. Grantee may appeal such action by filing a dispute pursuant to Clause #9 herein.

## **EXPENDITURE, PAYMENT, REPORTING AND RECORD KEEPING PROVISIONS**

### **27. Allowable Costs and Documentation**

To be allowable under this Grant Agreement, costs must meet the following criteria:

- (a) Be necessary and reasonable for the performance of the Grant.
- (b) Be determined in accordance with generally accepted accounting principles.
- (c) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally, state, or locally funded program in either the current or prior period.
- (d) Be adequately documented.

### **28. Reasonable Costs**

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Consideration will be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the performance of the Grant.
- (b) The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, federal and state laws and regulations and the terms and conditions of the Grant.
- (c) Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, clients, and the public at large.
- (d) Significant deviations from the established practices of the organization that may unjustifiably increase the Grant costs.

### **29. Competitive Bid Requirements**

Before making purchases of \$500 or more for goods (including equipment) or services authorized in **Exhibit C, Budget**, Grantee shall secure at least three competitive bids or price quotes. Grantee shall purchase such goods or services from the lowest qualified bidder or pay the difference between the low bid and the one selected, without using funds obtained pursuant to this Agreement. Grantee shall maintain documentation of the competitive bid process used. This competitive bid requirement may be waived upon



Grantee certification that due to the unique nature of the goods or services a sole source purchase is justified. Failure to comply with competitive bid requirements may result in the Department disallowing reimbursement of some portion or all of the related costs and/or other remedies for breach pursuant to Clause #26 above.

### **30. Conflict of Interest, Self-Dealing, and Need for Arm's Length Transactions**

Grantee shall act in accordance with the fiduciary duty attached to the receipt and expenditure of Grant moneys intended to benefit the public. Consistent with that fiduciary duty and the public trust from which it flows, Grantee shall ensure the proper expenditure of all Grant moneys for which reimbursement is sought pursuant to this Agreement.

All expenditures for which reimbursement pursuant to this Agreement is sought shall be the result of arm's length transactions and not the result of, or motivated by, self-dealing on the part of the Grantee or any employee or agent of the Grantee. For purposes of this provision, "arm's length transactions" are those in which both parties are on equal footing and fair market forces are at play, such as when multiple vendors are invited to compete for an entity's business and the entity chooses the lowest of the resulting bids. "Self-dealing" is involved where an individual or entity is obligated to act as a trustee or fiduciary, as when handling public funds, and chooses to act in a manner that will benefit the individual or entity, directly or indirectly, to the detriment of, and in conflict with, the public purpose for which all grant monies are to be expended.

### **31. Record keeping Requirements**

- (a) Grantee shall establish an official file for the project. The file shall contain documentation of all actions taken regarding this Grant.
- (b) Grantee shall establish separate ledger accounts for receipt and expenditure of Grant funds and maintain expenditure detail in accordance with the approved budget detail. Separate bank accounts are not required.
- (c) Grantee shall maintain financial records in accordance with generally accepted accounting principles. Grantee shall maintain adequate supporting documentation in such detail so as to provide an audit trail of receipts, expenditures and disbursements. Grantee's records will permit tracing transactions from support documentation to the accounting records to financial reports and billings. Such documentation shall include proof of all match contributions, including identification of the source of each and every such contribution, and may include, but shall not necessarily be limited to, subsidiary ledgers, payroll records, vendor invoices, canceled checks, bank or other financial account records, consultant contracts and billings, volunteer rosters and work logs, and lease or rental agreements. Such documentation shall be readily available for inspection, review and/or audit by the Grant Manager or other representatives of the State.
- (d) Subcontractor(s) employed by the Grantee and paid with moneys under the terms of this Agreement, shall be responsible for maintaining accounting records as specified above.

### **32. Audits**

The Grantee agrees that the State and its representatives, including, but not limited to, the Department, the State Controller's Office and the State Auditor, shall have an absolute right of access to, and right to review and copy, all of the Grantee's records pertaining to this Agreement and to conduct reviews and/or audits related to this Grant. Grantee shall, for the purpose of any such review or audit, retain and provide access to all records related to this Grant including, but not necessarily limited to, those records specified in Clause #31 above. Grantee shall also provide access to and allow interview of any employees who might reasonably have information related to such records. Such access to employees and records shall be provided during normal business hours throughout the Grant term and for at least three years after the final payment is disbursed pursuant to this Agreement, or until completion of any action and resolution of all issues which may arise as a result of any audit or review of such records, whichever is later.

### 33. Payment

Except as otherwise provided herein, payments shall be made to Grantee no more than once every thirty (30) calendar days in arrears for actual costs authorized in **Exhibit C, Budget** of this Agreement and incurred during the Grant term. Payment will be made upon evidence of satisfactory progress, as determined by the Grant Manager. Such evidence shall consist of written status reports and other documentation evidencing performance, as provided for in this Agreement.

Final payment will be made only after completion of work and activities identified in **Exhibit A, Grant Summary** including receipt of the Final Report. **The Department will not reimburse costs incurred after \_\_\_\_\_.**

Only those items identified in the Budget are eligible for reimbursement. Any changes to the Budget must be approved by the Grant Manager before expenditure for that item is made. *Under no circumstances shall the Grantee seek reimbursement pursuant to this Agreement for a cost that has been or will be paid through another funding source.*

The Department will withhold payment equal to ten percent (10%) of each invoice until completion of all work and other requirements to the satisfaction of the Department. An exception can be made only with the written approval of the DOR Branch Manager.

### 34. Reimbursement Limited to Net Costs

All costs charged against the Grant shall be net of all applicable credits. The term “applicable credits” refers to those receipts or reductions of expenditures that operate to offset or reduce expense items that are reimbursable under this Agreement. Applicable credits may include, but are not necessarily limited to, rebates or allowances, discounts, credits toward subsequent purchases, and refunds. Grantee shall, where possible, deduct the amount of the credit from the amount billed as reimbursement for the cost, or shall deduct the amount of the credit from the total billed under a future invoice.

### 35. Invoicing

An invoice must be submitted with an original and two additional copies on official letterhead listing both the Grant Agreement and invoice numbers. The original invoice must have an original signature. The invoice must contain an itemized listing of all expenditures where reimbursement is requested. For each expenditure of \$500 or more, two copies of supporting documentation (bids, receipts, canceled checks, sole source justification, etc.) are required to be submitted with each invoice. For expenditures of less than \$500, no supporting documentation is required unless requested by the Department. Original supporting documentation is not required and should be retained by the Grantee. Invoices are to be sequentially numbered.

An invoice must be signed by the person who signed the Grant Agreement or his/her designee. If there is a question as to the authority of the signer that cannot be resolved to the satisfaction of the State, the invoice will not be honored.

Each invoice is subject to approval by the Grant Manager and DOR Management, and possible audit by the Accounting Office and the State Controller before payment may be disbursed. If an invoice is questioned by the Department, the Grant Manager shall contact the Grantee within ten (10) to fifteen (15) days of receipt of the invoice, depending on business classification. Undisputed invoices take approximately six (6) weeks for payment.

Mail an original and two (2) copies of payment requests with two copies of all supporting documentation to the address listed in Clause #2. Final invoice shall be submitted no later than the termination date of this Agreement.

### **36. Travel**

Reimbursement of travel is not permitted unless expressly provided in the approved **Exhibit C, Budget**. If provided in the Grant, employees or subcontractors of the Grantee traveling from another State to the State of California or within the State of California, shall be reimbursed according to the prevailing rates for State of California employees. Travel outside the State of California will not be reimbursed without prior written authorization of the Grant Manager or unless otherwise expressly so provided in the terms of this Grant.

(a) For travel necessary to the performance of this Agreement, the Grantee shall be reimbursed as follows:

- (1) Travel by common carrier, airline coach class or equivalent, in accordance with receipts or vouchers verifying expenditure.
- (2) Travel by private or contractor-owned automobile at \$0.34 per mile. However, if travel by common carrier is more economical than by automobile, the rate for the common carrier will be reimbursed.
- (3) Travel by private car to and from the common carrier shall be reimbursed at \$0.34 per mile.
- (4) Travel by rental car, if less expensive than taxi service, in accordance with receipts verifying expenditure. Grantee will note that insurance coverage is not reimbursable.

(b) Per diem rates apply to travel more than 50 miles away from the Grantee's headquarters and are reimbursable as follows:

- (1) Date and time of departure and return shall be indicated in order to establish appropriate per diem rates. Place where the travel originates and destination shall also be stated.
- (2) For a full 24-hour period or for a shorter period immediately following a full 24-hour period, reimbursement may be made as follows with an accompanying receipt: lodging, actual lodging expense up to \$84 plus applicable taxes (up to \$110 plus applicable taxes in Los Angeles and San Diego Counties; up to \$140 plus applicable taxes in Alameda, San Francisco, San Mateo and Santa Clara Counties); breakfast, up to \$6; lunch, up to \$10; and dinner, up to \$18. Lodging is based on a standard, single occupant room. Travel shall begin at or prior to 6 a.m. and terminate at or after 9 a.m. to qualify for breakfast reimbursement. Lunch may be claimed if travel begins at or prior to 11 a.m. and terminates at or after 2 p.m. Dinner may be claimed if travel begins at or prior to 4 p.m. and terminates at or after 7 p.m.
- (3) Incidental expenses may be reimbursed without receipts up to \$6 per 24-hour period. Expenses exceeding \$6 shall be itemized with the receipts attached to the invoice. Incidental expenses include phone calls (must identify name and number called), toll charges and parking fees, reproduction, and postage.
- (4) For travel consisting of a total of fewer than 24 hours, there is no reimbursement for lunch or incidentals; reimbursement for breakfast and dinner follows the above rules.

Travel expenditures not listed herein cannot be reimbursed.

### **37. Documentation of Time Spent**

Grantee shall maintain reports or other detailed records (e.g., activity logs or timesheets) documenting time spent by each employee, agent, contractor or volunteer whose work in support of this Agreement is billed under the Agreement or used as match. Records used to meet this requirement shall identify the individual performing the work, the date on which the work was performed, the specific Grant-related activities or objectives to which the individual's time was devoted, and the amount of time spent. Such records shall reflect actual time spent, rather than that which was planned or budgeted.

### **38. Reports**

The Grantee shall submit to the Grant Manager status reports and a final report. Reports shall include information required in **Exhibit A, Grant Summary** and shall be submitted on or before the dates specified in **Exhibit D, Implementation Schedule**.

Failure to comply with the reporting requirements specified above shall constitute a breach of this Agreement and may result in the Department taking action pursuant to Clause #26 of this Agreement.

### **Exhibit A, Grant Summary**

**I. Parameters:** This Grant shall be conducted in accordance with the following:

- A. The Grantee will [goal]. The Grantee will accomplish this by: [projects].
- B. The Grantee will conduct the project as described in **Exhibit B, Executive Summary**.

**II. Status Reports:** Status reports shall be submitted to the Grant Manager, as detailed in **Exhibit D, Implementation Schedule**. Status reports must be adequate to show compliance with the Grant Agreement, detail all tasks performed and all identified outcomes, and justify all expenditures requested for reimbursement. The Department reserves the right to require interim verbal or written progress reports to supplement the more formal status reports to ensure compliance with the Grant Agreement and/or to support reimbursement of funds.

The first status report shall include, but is not limited to:

- A. Baseline data from which to evaluate the outcomes of the Grant projects, including, but not limited to, estimated current beverage containers recycled and, if applicable, the baseline beverage container material volume used in the manufacture of a recycled content product.
- B. A description of the methodology for collecting and evaluating data throughout the term of the Agreement.
- C. A statement of the tasks or milestones implemented to-date and a report on the status of each.

Each subsequent status report shall include, but is not limited to:

- A. A statement of the tasks or milestones implemented during the reporting period and a report on the status of each.
- B. A discussion of:
  - The recycling impacts of the project.
  - The jobs and payroll impacts of the project.
  - If applicable, additional beverage container material volume used in the manufacture of a recycled content product to-date.
  - A comparison of the actual impact, with the projected impact, described in Attachment D of the Grant Application.
  - Where applicable, a comparison of the volume of beverage containers recycled and additional beverage container material volume used in the manufacture of a recycled content product, with the same data from the same reporting period the previous year.
- C. A discussion of all other benefits identified in the Grant Application, and a comparison of the actual benefits with the projected benefits.
- D. A discussion of all unanticipated problems or concerns and corrective actions taken.
- E. A statement of all data collection completed during the reporting period and findings to-date.
- F. A description of all expenditures during the reporting period.

- G. A description of all changes made to the project during the reporting period with the approval of the Grant Manager and all additional changes identified.

**III. Final Report:** The Grantee shall submit a draft of the final report on or before the date listed detailed in Exhibit D, Implementation Schedule.

The Department shall draft review comments and transmit them to the Grantee within ten (10) calendar days of receipt of the draft version of the final report. After incorporation of Department requested revisions, the Grantee shall submit to the Grant Manager one camera-ready copy plus one (1) copy of the final report no later than the termination date.

This report shall include, but is not limited to:

- A. Cover Page with Disclaimer Statement
- B. Table of Contents
- C. Summary of the Project
  - The goal that was identified to be achieved through implementation of the Grant project and objectives identified to reach that goal.
  - The baseline data collected prior to implementing the program.
  - The methodology for ongoing data collection and evaluation.
- D. Total Cost of Program
  - A breakdown of actual expenditures for the project (i.e., administration, staff, equipment, operating costs, etc.) by project component and component percentage of overall project.
  - A list of all funding sources for the project, the amount provided and percentage of overall project.
  - A list and estimated dollar value of support from partnerships, volunteers, and in-kind services.
  - A statement whether funds received through this Grant were a factor in obtaining additional funding and support for the project.
- E. Implementation
  - A schedule of actual dates of project accomplishments (milestones).
  - A summary of the actual time expended on each phase of the project (i.e., planning, start-up, operation, evaluation, and until project became/becomes self-sustaining, if applicable).
  - A summary of special staffing needs.
  - A description of criteria for selecting equipment, actual effectiveness of chosen equipment, and recommended changes in equipment.
  - A statement of time elapsed before data was representative of a stable project.
  - A discussion of problems encountered and corrective actions taken.
  - A discussion of conditions unique to this project.
- F. Project Effectiveness
  - The outcomes achieved as a result of this project. This discussion must include:
    - A discussion of the actual recycling impacts of the project.
    - A discussion of the actual jobs and payroll impacts of the project.
    - If applicable, additional beverage container material volume used in the manufacture of a recycled content product.
    - A comparison of the actual with the projected impacts.

- If applicable, a comparison of the current volume of beverage containers collected and beverage container material used in the manufacture of a recycled content product with the same reporting period the previous year.
  - A discussion of all other project benefits identified in the Grant Application.
  - A discussion of expected future recycling and jobs impacts beyond the life of the grant.
  - A comparison of the outcomes achieved to the goal established at the start of the project.
  - Statistical data to support the outcomes.
  - Outside influences that may have affected the outcomes achieved.
- G. Conclusions and Recommendations
- Important findings and suggestions for improvement.
  - Tips or modifications needed for other entities to replicate project.
- H. Project Sustainability
- A list and description of on-going expenses for this project.
  - A discussion on how the on-going operational expenses will be funded after grant termination.
- I. Photographs, Articles, Diagrams, Technical Materials
- J. List of Subcontractors

Grantee acknowledges and agrees that the Department shall not release final payment pursuant to this Agreement unless and until the Department has received from the Grantee a final report that complies with the above requirements and with other applicable requirements in this Agreement.

**EXHIBIT B**  
**Executive Summary**

Organization Name

Contact Name

Provide a one-page (*not smaller than 10 pt. font*) executive summary of the grant project.



# ATTACHMENT C

## 2003/2004 Grant Project Budget

Organization Name	Contact Name
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	First 12 Months of Grant		Second 12 Months of Grant		Third 12 Months of Grant		Total	
BUDGET CATEGORY	Grant Funds	Match Funds	Grant Funds	Match Funds	Grant Funds	Match Funds	Total Grant Funds	Total Match Funds
1. Salary and benefits by staff person								
-								
-								
-								
-								
-								
-								
-								
Subtotal								
2. Equipment by category								
-								
-								
-								
Subtotal								
3. Buildings and facilities <i>(explain)</i>								
4. Supplies								
5. Rent and utilities								
6. Travel								
7. Contractual services <i>(explain)</i>								
8. Other operating costs <i>(explain)</i>								
9. Other non-operating costs <i>(explain)</i>								
10. TOTAL								

## Implementation Schedule

Organization Name	Contact Name
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[illegible]

### **Exhibit E, Grantee Certification Of Compliance**

By signing this Agreement, Grantee certifies that it is in compliance with all of the following requirements, to the extent that each is applicable:

#### **1. Americans with Disabilities Act**

Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

#### **2. Nondiscrimination Clause**

During the performance of this Agreement, the Grantee and its subcontractor(s) shall not discriminate, harass, or allow harassment against any employee or applicant for employment because of age, sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), sexual orientation, marital status, and denial of family care leave. Grantee and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from discrimination and harassment. Grantee and its subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990(a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated herein by reference and made a part hereof as if set forth in full.

Grantee and its subcontractor(s) shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant.

#### **3. Recycling Certification**

The Department has a procurement policy that sets purchase goals for, and favors the purchase of, products containing recycled content, both post-consumer and secondary waste. When using Grant funds to purchase recycling bins, paper products, fine printing and writing paper, plastic, glass, oil, compost and co-compost, solvents and paint, tire-derived products, and retread tires, the Grantee shall make a reasonable effort to purchase products containing recycled content. Grantee shall report any and all such purchases in status and final reports required pursuant to this Agreement.

#### **4. Drug-Free Workplace Requirements**

Grantee will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

(a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

(b) Establish a Drug-Free Awareness Program to inform employees about:

- (1) The dangers of drug abuse in the workplace.
- (2) The person's or organization's policy of maintaining a drug-free workplace.
- (3) Any available counseling, rehabilitation and employee assistance programs.
- (4) Penalties that may be imposed upon employees for drug abuse violations.

(c) Every employee who works on the Agreement will:

- (1) Receive a copy of the company's drug-free workplace policy statement.
- (2) Agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Grantee may be ineligible for award of any future State Agreements if the Department determines that the Grantee has made a false certification, or violated the certification by failing to carry out the requirements as noted above.

## **5. Labor Code/Workers Compensation**

Grantee needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Grantee agrees to comply with such provisions before commencing performance pursuant to this Agreement. (Labor Code Section 3700).

## **6. Child Support Compliance Act**

For any Agreement in excess of \$100,000, the Grantee acknowledges accordance with the following:

- (a) The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code.
- (b) The Grantee, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

## **7. Resolution of Support**

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an Agreement, authorizing execution of an Agreement.

## **8. Air or Water Pollution Violation**

Under State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to a cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

## **9. Compliance with Other Laws, Including CEQA**

The Grantee shall comply fully with all applicable federal, state and local laws, ordinances, regulations and permits and shall secure any new permits required by authorities having jurisdiction over the project(s), and maintain all presently required permits. The Grantee shall ensure that any applicable requirements of the California Environmental Quality Act are met in carrying out the terms of the Grant.

## **10. Use of State Funds to Assist, Promote or Deter Union Organizing**

Grantee shall not use state funds, including Grant funds, to assist, promote or deter union organizing. Government Code Section 16645.1(c) provides that Grantee shall be liable to the State for the amount of any funds expended in violation of this prohibition, plus a civil penalty equal to twice the amount of those funds. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee shall maintain

records sufficient to show that state funds have not been used for those expenditures. The Grantee shall provide those records to the Attorney General upon request.

#### **11. Payee Data Record Form (Std. 204)**

This form must be completed by all contractors and Grantees that are not another state agency or governmental entity.

#### **12. Corporate Qualifications To Do Business in California**

- (a) When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- (b) "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state shall not be subject to the franchise tax.
- (c) Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Secretary of State.

#### **13. Contractor Name Change**

An amendment is required to change the Grantee's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

#### **14. Conflict Of Interest**

Grantee needs to be aware of the following provisions regarding current or former state employees. If Grantee has any questions on the status of any person rendering services or involved with the Agreement, the awarding of agency must be contacted immediately for clarification.

Current State Employees (PCC 1040):

- (1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- (2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

- (1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- (2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Grantee violates any provisions of above paragraphs, such action by the Grantee shall render this Agreement void. (PCC 10420).

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430(e)).